

Message Text

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ACTION OES-04

INFO OCT-01 EUR-12 ISO-00 ACDA-05 CIAE-00 INR-05 IO-10

L-02 NSAE-00 NSC-05 RSC-01 FEAE-00 EB-07 OMB-01

TRSE-00 PM-03 HEW-02 COME-00 SS-15 /073 W

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R 121749Z DEC 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6779

INFO AEC GERMANTOWN

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E. O. 11652: N/A

TAGS: TGEN, GW

SUBJECT: OFFSET - CIVIL PROCUREMENT/RESEARCH AND
DEVELOPMENT

REF: (A) STATE 264316, (B) STATE 268287,
(C) STATE 264306

1. SUMMARY: EMBASSY DISCUSSED SUBSTANCE REFTELS WITH
FRG TECHNOLOGY MINISTRY OFFICIALS WHO PROMISED
RESPONSE ASAP. END SUMMARY

2. EMBASSY PERSUADED TECHMIN REPS TO RESUME INFORMAL
DISCUSSIONS ABOUT FRG COMPLIANCE WITH ARTICLE 4B OF
OFFSET MINUTE PRIOR TO RECEIPT OF AEC PROPOSALS FOR
SUPPLY OF ENRICHED URANIUM UNDER ARTICLE 4A. (SEE
PARA 3, BONN 17788) WE PRESENTED HEW PROPOSAL FOR FRG-
FINANCED CCMS HEALTH PROJECT IN US (REF A), INFORMED
TECHMIN REPS THAT AEC HAD AGREED IN PRINCIPLE TO FRG
PARTICIPATION IN LOFT PBF AND PLENUM FILLING PROJECTS
(REF B), AND ADVISED THEM THAT MOST OF THE PROPOSED
JOINT VENTURES IN URANIUM PROSPECTING DID NOT RPT
NOT APPEAR TO SATISFY "ADDITIONALITY" CRITERIA (REF C).

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3. TECHMIN REP RECEIVED HEW PROPOSAL DESCRIBED REF A

WITH INTEREST AND EXPRESSED PERSONAL BELIEF THAT EXPANSION OF US-FRG COOPERATION IN HEALTH R&D MAY BE DESIRABLE WAY TO BALANCE PRESENT OVER-EMPHASIS ON ENERGY IN OFFSET PROGRAMS. THIS CCMS PROJECT FALLS WITHIN PRIMARY RESPONSIBILITY OF FRG MINISTRY FOR HEALTH, FAMILY AND YOUTH AFFAIRS. IT WILL REQUIRE SOME TIME TO DETERMINE WHETHER IT CAN BE FITTED INTO EXISTING FRG PROGRAMS AND BUDGETS. TECHMIN REP EMPHASIZED AGAIN THAT THERE ARE NO FUNDS SPECIFICALLY ALLOCATED FOR OFFSET R&D COOPERATION.

4. TECHMIN REPS WERE PLEASED TO LEARN THAT GERMAN PARTICIPATION IN THREE REACTOR SAFETY RESEARCH PROJECTS MENTIONED REF B WOULD BE POSSIBLE IN PRINCIPLE. IT WILL NOT RPT NOT BE NECESSARY TO DEPOSIT FRG FUNDS IN TREASURY ACCOUNT BEFORE END OF CY 1974.

5. EMBOFF INFORMED TECHMIN REP THAT URANIUM PROSPECTING PROJECTS I THROUGH VIII HAD EXISTED IN SOME CASES FOR SEVERAL YEARS AND REQUESTED SPECIFIC AND CONVINCING EVIDENCE THAT THEY, AS WELL AS PROJECTS IX THROUGH XII (REF C) QUALIFIED AS "ADDITIONAL."

6. TECHMIN REP EXPLAINED THAT HE HAD ANTICIPATED THIS QUESTION AND HAD ALREADY ASKED THE OFFICIAL RESPONSIBLE FOR THE LIST FORWARDED TO USG (BONN L6777) WHY THESE PROJECTS WERE "ADDITIONAL." LATTER OFFICIAL HAD ACKNOWLEDGED THAT FRG HAD FINANCED SOME URANIUM PROSPECTING VENTURES IN US PRIOR TO EARLY 1973. HOWEVER, UPON RECEIPT OF UNDER SECRETARY CASEY'S LETTER OF MAY 11, 1973 (WHICH PROPOSED THAT PURCHASE OF URANIUM ORE BE INCLUDED UNDER OFFSET)

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FRG FIRMS IMMEDIATELY BEGAN DISCUSSIONS AND NEGOTIATIONS TO EXPAND THESE JOINT PROSPECTING EFFORTS. TECHMIN OFFICIALS ASSERTED, THEREFORE, THAT MOST OF THE FUNDS NOW BEING SPENT IN US FOR URANIUM PROSPECTING IN GENERAL, AND SPECIFICALLY FOR THE PROGRAMS LISTED IN BONN 16777 WOULD NOT RPT NOT HAVE BEEN SPENT IN US IF OFFSET REQUIREMENT HAD NOT EXISTED.

7. EMBOFF RESPONDED THAT USG WOULD WISH, NEVERTHELESS, TO REVIEW MORE EXPLICIT AND CONVINCING EVIDENCE IN SUPPORT OF THIS FRG ASSERTION. WE WOULD, FOR EXAMPLE, APPRECIATE ANY AVAILABLE EVIDENCE WHICH DEMONSTRATED THAT THESE FUNDS HAD, IN FACT, BEEN DIVERTED FROM OTHER R&D PROGRAMS OR FROM URANIUM PROSPECTING VENTURES ELSEWHERE IN WORLD. TECHMIN REP BELIEVED IT WOULD BE DIFFICULT TO PROVE THEIR POINT TO OUR SATISFACTION BUT HE PROMISED TO SEEK ADDITIONAL DATA.

8. US-FRG TISSUE BANK PROJECT PROPOSAL HAS BEEN RECEIVED FROM DRS. KORTE (FRG) AND COULSTON (ALBANY MEDICAL COLLEGE). FRG IS CONFIDENT THAT DM 1.5 MILLION LIMITED OFFICIAL USE

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WILL BE ALLOCATED TO THIS PROJECT PRIOR TO JUNE 30, 1975.

9. TECHMIN REPS SAID THAT NEGOTIATIONS BETWEEN GERMAN FIRMS STEAG AND RUHRKOHLE AND U.S. FIRM GULF ABOUT COOPERATION IN COAL LIQUEFACTION TECHNOLOGY UNDER OFFSET HAVE BEEN SUCCESSFULLY COMPLETED.

10. EMBASSY COMMENT: PLEASE NOTE THAT FRG ASKED FOR USG EVALUATION OF JOINT URANIUM PROSPECTING VENTURES UNDER OFFSET AS EARLY AS AUGUST 1973 (SEE BONN 12567, AUGUST 31, 1973 AND BONN 17390, DECEMBER 4, 1973) AND THAT THIS CONCEPT WAS INCLUDED IN THEIR FIRST FORMAL PROPOSALS (PARA 4, BONN 09074, JUNE 6, 1974). WE SHALL

CONTINUE TO PRESS FOR CONVINCING EVIDENCE, OF COURSE,
BUT AVAILABLE RECORDS DO SUPPORT FRG'S CONTENTION
THAT URANIUM PROSPECTING WAS A CANDIDATE FOR OFFSET
FINANCING VERY EARLY IN CURRENT OFFSET PERIOD WHICH
BEGAN JUNE 30, 1973. WE WOULD APPRECIATE USG COMMENTS
ON THIS POINT. HILLENBRAND

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